

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 IO-13 ISO-00 CIAE-00 DODE-00 PM-04

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01

SP-02 SS-15 USIA-15 AID-05 COME-00 EB-08 FRB-01

TRSE-00 XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01 /121 W

-----292301Z 047587 /61

R 290910Z APR 77

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 7659

INFO AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY BONN

USMISSION GENEVA

USOECD PARIS

USEC BRUSSELS 129

UNCLAS SINGAPORE 1853

E.O. 11652: N/A

TAGS: ETRD, SN, FRG, EEC, US

SUBJECT: LEE ATTACKS PROTECTIONISM

REF: SINGAPORE 1788

1. PRIME MINISTER LEE KUAN YEW USED OCCASION OF APRIL 28
JOINT PRESS CONFERENCE WITH FRG FOREIGN MINISTER SACHER TO

LAUNCH A STRONG, BLUNT ATTACK ON PROTECTIONISM. HEADLINED IN
APRIL 29 STRAITS TIMES(ST), AND ACCOMPANIED BY A EQUALLY
FIRM ST EDITORIAL, LEE'S REMARKS CAP MANY MONTHS OF GOS
SIGNALS OF CONCERN ON THE SUBJECT.

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2. "LEE WARNS THE WEST: PROTECTIONISM THE MOST URGENT PROBLEM
TODAY" SCREAMED ST HEADLINES IN REPORTING LEE'S COMMENTS.
NOTING THAT THE CUMULATIVE EFFECT OF PROTECTIONISM IS AN
"EMBITTERED AND FRACTURED WORLD", LEE CAME DOWN HAD
AGAINST GOING BACK TO "THE POLITICAL-ECONOMIC AUTARCHY
OF THE INTER-WAR YEARS." SUPPORTING JAPAN, LEE NOTED
THAT UNLIKE EC MEMBERS WHICH TRADE LARGELY WITH ONE ANOTHER,

JAPAN HAD TO PENETRATE FOREIGN MARKETS. LEE URGED HIS AUDIENCE TO JAUYK TO FUNDAMENTAL PRINCIPLES OF FREE TRADE. "BY ALL MEANS WE HAVE DIFFICULTIES, WE HAVE VOLUNTARY RESTRAINTS, BUT LET'S PUT A STOP TO PROTECTIONISM."

3. BRITAIN ALSO CAME IN FOR HARSH CRITICISM AS LEE NOTED DISAPPOINTMENT OF HIS ORIGINAL HOP THAT EC ENTRANCE FOR U.K. WOULD OPEN "AN APERTURE" FOR SINGAPORE PRODUCTS. "BUT HAVING GOTTEN IN, WE FOUND THAT.... IT WOULD HAVE BEEN BETTER IF THEY WERE NOT IN IT. BECAUSE THEN THEIR UNIONS WON'T BE PRESSING (HMG) GOVERNMENT AND (HMG) GOVERNMENT WON'T GET THE GERMAN GOVERNMENT TO SAY 'NO MORE POCKET CALCULATORS FROM SINGAPORE'."

4. ST EDITORIAL, ENTITLED "SHEER LUNACY", SUGGESTED PM

FOR HAVING GOTTEN MESSAGE ACROSS "QUICKLY AND IN THE MOST TELLING MANNER." "THE WEST MUST BE MADE TO REALIZE THE SHEER LUNACY OF TAKING THE ROAD TO PORTECTIONISM FOR THEIR OWN SAKE AS WELL AS FOR EVERYBODY ELSE'S. PRESIDENT CARTER HAS SO FAR SUCCESSFULLY RESISTED PRESSURES FROM U.S. TRADE UNIONS TO SLAP ON IMPORT RESTRICTIONS JUST HOW LONG...HE CAN AFFORD TO DO SO NOBODY KNOWS."

5. AT AIRPORT PRIOR TO HIS DEPARTURE APRIL 29, GENSCHER REPLIED TO LEE'S OUTBURST OF PREVIOUS DAY. HE SAID THAT ONE OF GREAT ACHIEVEMENTS OF OECD COUNTRIES WAS THEIR SUCCESS IN PREVENTING A LAPSE INTO WORLDWIDE UNCLASSIFIED

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PROTECTIONISM IN 1974-1975. ADMITTING THAT FRG CONSIDERED PROTECTIONISM THEORETICALLY WRONG, GENSCHER NEVERTHELESS AVERTED INTO COMMUNITY.

6. COMMENT. WHILE LEE INDICATED THAT VOLUNTARY RESTRAINTS ON EXPORTS ARE ACCEPTABLE, INDEED EVEN DESIRABLE TO PREEMPT MORE PERNICIOUS ACTIONS, HE WARNED THAT A STRENGTHENING OF PROTECTIONIST TREND COULD REDUCE NORTH-SOUTH DIALOGUE (REFTEL) TO "RUBBISH".

7. AT ALL LEVELS OVER PAST YEAR OR SO, GOS HAS BEEN ANXIOUSLY INQUIRING ABOUT PROTECTIONIST SENTIMENT IN U.S. AND IN EC. WITH PROTECTIONIST PRESSURES APPARENTLY MOUNTING IN THESE MAJOR MARKETS, LEE USED GENSCHER'S PRESENCE TO MAKE TYPICALLY STRAIGHTFORWARD ATTACK ON GUS POTENTIAL DANGER WHICH COULD SERIOUSLY AFFECT SINGAPORE BUT WHICH SINGAPORE ITSELF CAN DO LITTLE TM PREVENT.
GRANT

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Disposition Comment:
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Disposition History: n/a
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